



Tax relief program FAQs

Hampton changed the way it offers tax relief to low-income elderly and disabled residents. Since that time, residents have been asking for explanations and additional information.

Why offer tax relief to low-income elderly and disabled residents?

The intent of providing property tax relief for the elderly and disabled is to ensure that people are able to remain in their homes and live independently without their tax bills causing them to prematurely sell their residence.

The shift from tax exemption to deferment meets those program goals by not requiring them to pay taxes while they own the home. Similar to the previous exemption option, the deferral permits individuals with limited available cash to utilize those limited resources to meet other important needs/obligations, other than their real estate tax obligation.

Taxes are DEFERRED until the house is sold or transferred. NO INTEREST is charged. Other localities, such as Newport News, have similar deferral programs.

The percentage of Hampton's properties that are tax exempt has been increasing.

Why not provide total tax exemption?

When any resident doesn't pay his or her share of property taxes to fund city services, other residents have to pay more to cover that share. That burden on other taxpayers is increasing and not sustainable. As the population ages, the burden on other residents will increase.

This way, while the initial share still must be covered by other taxpayers, eventually the debt gets repaid.

But I want to leave my house to my children.

You still can; your heirs have to pay the deferred taxes when they inherit or sell the property. The intent of the program is to benefit the low-income elderly and disabled by allowing them to stay in their homes -- not to build wealth for their heirs.

I have earned this from many years of paying taxes.

There is no accumulation of benefit from taxes. The money paid is spent each year on city services. Tax money continues to provide for roads, police and fire protection and other vital services we all use. Besides, not all beneficiaries have been paying taxes here for years. Some may have just moved to Hampton.

What if I have a mortgage, reverse mortgage or second mortgage, and the lender won't agree?

City Council passed a special exemption that applies to people already in the program who are in this situation. Contact the Commissioner of the Revenue to get paperwork to document this.

Is it fair that those individuals still get the exemption, while those who have paid off their mortgage can't?

Again, the intent of tax relief is to ensure that low-income elderly and disabled residents can continue to live in their homes without being forced to sell to meet their tax obligation. This is the only way some people who had been enrolled previously can continue to receive relief.

Some people are saying that the city is going to take my house.

No. If you qualify and fill out the deferral paperwork, your taxes are deferred until the house transfers ownership. No one is obligated to pay the taxes until that time.

Will a surviving spouse owe the deferred taxes?

Generally, if they own the home together and are both over 65, the surviving spouse should still qualify for the deferral program. Families with more complicated arrangements may want to seek the advice of an estate-planning legal adviser.

Who qualifies for the deferral or a freeze in taxes?

Generally, people who are at least 65 or permanently disabled; own and occupy their home; and have household income under \$50,000 and assets (not including the home) of less than \$200,000. Forms available at <http://www.hampton.gov/index.aspx?nid=574>